

## Message Text

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C O N F I D E N T I A L STATE 096836 TOSEC 040050

EXDIS FOR LAKE ONLY FROM SPIEGEL

E.O. 11652:GDS

TAGS: SOPN

SUBJECT:SECRETARY'S FOREIGN AID SPEECH

1. SINCE YOU WILL HAVE A GREAT DEAL OF LEISURE TIME WE  
THOUGHT IT WOULD BE GOOD FOR YOU TO REVIEW THE SECRETARY'S  
FOREIGN AID SPEECH. GARTEN LEFT BEFORE IT WAS COMPLETE.  
IT HAS BEEN REVIEWED BY BOTH PAUL AND CAROL.

2. I DID NOT DEAL WITH THE HUMPHREY BILL BECAUSE I DON'T  
KNOW EXACTLY HOW THIS ISSUE SHOULD BE HANDLED. BILL  
HECHMAN HAS JUST INFORMED ME THAT HENRY OWEN FEELS WE  
SHOULD USE THIS SPEECH TO "ANNOUNCE" THE NEW COORDINATING  
MECHANISM AND OTHER STEPS WE ARE TAKING TO IMPLEMENT THE  
SPIRIT OF THE LEGISLATION. I AWAIT YOUR GUIDANCE.

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3. BEGIN TEXT.

TODAY I WANT TO DISCUSS WITH YOU ONE OF THE MOST

COMPLEX AND MOST MISUNDERSTOOD ELEMENTS OF AMERICAN

FOREIGN POLICY. I SPEAK OF FOREIGN AID. IT IS COMPLEX

BECAUSE IT INVOLVES A SUBSTANTIAL VARIETY OF ECONOMIC  
AND SECURITY PROGRAMS TOTALLING NEARLY \$8 BILLION WORTH  
OF RESOURCE TRANSFERS TO (BLANK) FOREIGN NATIONS. IT HAS  
BEEN MISUNDERSTOOD BECAUSE TOO MANY AMERICANS BELIEVE THAT  
FOREIGN AID IS A TYPE OF INTERNATIONAL WELFARE PROGRAM  
WHICH GIVES MONEY AWAY INDISCRIMINATELY AND PROVIDES  
ASSISTANCE TO COUNTRIES WHERE AMERICAN SECURITY IS NOT  
DIRECTLY AT STAKE.

MY PURPOSE IN COMING TO CINCINNATI TODAY IS THREE-FOLD.

I WANT TO EXPLAIN THE SCOPE AND THE PURPOSE OF OUR FOREIGN  
AID PROGRAMS. I WANT TO HELP YOU AND OTHERS UNDERSTAND  
WHY PRESIDENT CARTER AND I BELIEVE THAT FOREIGN AID IS IN  
THE NATIONAL INTEREST. AND I WANT TO DISCUSS WITH YOU  
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FRANKLY SOME OF THE PROBLEMS AND CHALLENGES WE FACE IN  
ADMINISTERING THESE PROGRAMS AND MEETING THE GOALS WE HAVE  
ESTABLISHED.

THIS IS A VERY APPROPRIATE FORUM FOR SUCH A DISCUSSION.

FOR MORE THAN (BLANK) YEARS THE LEAGUE OF WOMEN VOTERS HAS  
BEEN CONDUCTING AN EXEMPLARY AND IMPARTIAL PROGRAM OF  
CIVIL EDUCATION DESIGNED TO ENHANCE THE PARTICIPATION OF  
MEN AND WOMEN IN OUR DEMOCRATIC SYSTEM. IT IS IMPORTANT  
THAT THE FOREIGN AID PROGRAM BE NO LONGER MISUNDERSTOOD.  
IN THE PAST YOU HAVE MADE IMPORTANT CONTRIBUTIONS IN  
INFORMING THE PUBLIC ABOUT FOREIGN AID. NOW WE NEED YOUR

RENEWED ASSISTANCE IN HELPING TO EXPLAIN THESE PROGRAMS  
WHICH ARE ESSENTIAL TO THE CONDUCT OF OUR FOREIGN POLICY  
IN A RAPIDLY CHANGING WORLD.

OUR ECONOMIC, POLITICAL AND HUMANITARIAN INTERESTS  
ARE DEEPLY INVOLVED IN OUR RELATIONS WITH THE DEVELOPING  
WORLD. THIS IS TRUE FOR OUR SECURITY INTERESTS AS WELL.

IF THE ULTIMATE GOAL OF OUR FOREIGN POLICY IS TO SEEK A  
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MORE PEACEFUL AND STABLE WORLD, THE ECONOMIC WELL-BEING OF  
ITS PEOPLE IS CRITICAL IN OBTAINING THAT OBJECTIVE.

FOREIGN AID IS NOT A SHORT TERM PALLIATIVE TO LONG TERM  
PROBLEMS. IT IS A DEVICE THAT CAN HAVE IMMEDIATE BENEFITS  
NOW AND A TREMENDOUS IMPACT IN THE FUTURE.

LET ME FIRST SKETCH VERY BRIEFLY THE DIMENSIONS OF  
OUR FOREIGN ASSISTANCE PROGRAMS SO THAT WE HAVE A COMMON  
FRAME OF REFERENCE. THERE ARE FIVE KEY COMPONENTS:

-- A BILATERAL DEVELOPMENT ASSISTANCE PROGRAM WHICH  
CHANNELS \$1.6 BILLION IN LOANS AND GRANTS TO BENEFIT POOR  
PEOPLE IN (BLANK) DEVELOPING NATIONS IN ORDER TO MEET SUCH  
BASIC NEEDS AS NUTRITION, HEALTH CARE, FAMILY PLANNING AND  
HOUSING IN RURAL AND URBAN AREAS.

-- A SECURITY ASSISTANCE PROGRAM WHICH SUPPLIES \$2.7  
BILLION TO FRIENDLY NATIONS TO PROVIDE FOR THEIR LEGITIMATE  
SECURITY NEEDS SO THEY DO NOT HAVE TO DIVERT RESOURCES

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FROM THEIR OWN SOCIAL AND ECONOMIC DEVELOPMENT. NEARLY

\$2 BILLION OF THIS SUM WILL GO TO COUNTRIES IN THE

MIDDLE EAST IN THE FORM OF ECONOMIC AID.

-- A PUBLIC LAW 480 FOOD ASSISTANCE PROGRAM WHICH WILL

FINANCE THE SALE OF NEARLY \$1.5 BILLION WORTH OF

COMMODITIES--OR CLOSE TO 7 MILLION TONS OF FOOD--TO

DEVELOPING COUNTRIES. SOME OF THIS FOOD IS GIVEN FREE

DIRECTLY TO THE POOR BY RELIGIOUS AND VOLUNTARY ORGANIZA-

TIONS TO ALLEVIATE FAMINE AND SOFTEN THE HARDSHIPS OF

NATURAL DISASTERS.

-- CONTRIBUTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS

SUCH AS THE WORLD BANK AND REGIONAL BANKS IN LATIN

AMERICA, AFRICA AND ASIA WHICH FINANCE LARGE AND COSTLY

PROJECTS IN DEVELOPING COUNTRIES SUCH AS ROADS, DAMS,

AND IRRIGATION FACILITIES. THIS YEAR WE WANT TO CONTRI-

BUTE \$3.5 BILLION TO THESE INSTITUTIONS ALTHOUGH \$1.4

BILLION OF THAT SUM REPRESENTS LOAN GUARANTEES WHICH ARE

UNLIKELY TO RESULT IN ANY EXPENDITURE BY THE GOVERNMENT.

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-- CONTRIBUTIONS TO UN HUMANITARIAN AGENCIES SUCH AS

UNICEF AND THE UN DEVELOPMENT PROGRAM AS WELL AS OTHER

MULTILATERAL INSTITUTIONS WHICH HELP FINANCE TECHNICAL

ASSISTANCE TO POOR COUNTRIES. THE TOTAL OF THESE

CONTRIBUTIONS IS SLIGHTLY LESS THAN \$300 MILLION.

YOU ARE ENTITLED TO KNOW WHY YOUR GOVERNMENT BELIEVES

THE EXPENDITURES OF THESE SUMS IS NECESSARY AND HOW

FOREIGN ASSISTANCE RELATES TO OUR FOREIGN POLICY GOALS.

A DEMONSTRABLE AMERICAN COMMITMENT TO ALLEVIATE

POVERTY AND PROMOTE EQUITABLE ECONOMIC GROWTH IN THE

DEVELOPING WORLD IS IN AMERICA'S ECONOMIC AND POLITICAL

INTEREST.

I RECOGNIZE THAT MANY PEOPLE MAY BE UNWILLING TO ACCEPT

THE BASIC VALIDITY OF THIS STATEMENT. HOWEVER, IT IS

CLEAR THAT WE ARE INVOLVED IN A SIGNIFICANT AND EXPANDING

RANGE OF ECONOMIC AND POLITICAL RELATIONSHIPS WITH

DEVELOPING COUNTRIES AND WE CANNOT AFFORD TO IGNORE  
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THEIR NEEDS. IN FACT, OUR ECONOMIC WELFARE IS RELATED

IN MANY WAYS TO THEIR OWN ECONOMIC WELL-BEING.

- CRITICAL RAW MATERIALS NECESSARY FOR OUR INDUSTRIES--

96 PERCENT OF OUR TIN, 69 PERCENT OF OUR COPPER, 64

PERCENT OF OUR ALUMINUM AND BAUXITE, 55 PERCENT OF OUR

LEAD TO NAME ONLY A FEW, ARE SUPPLIED BY DEVELOPING

NATIONS. THESE RAW MATERIALS AND OTHER PRODUCTS FROM

LESS DEVELOPED COUNTRIES ACCOUNTED FOR 23 PERCENT OF OUR

IMPORTS LAST YEAR.

- THE NON-OIL PRODUCING DEVELOPING COUNTRIES ARE A MAJOR

MARKET FOR OUR PRODUCTS TAKING A QUARTER OF OUR TOTAL

EXPORTS LAST YEAR. THIS EXPORT FIGURE HAS REACHED A LEVEL  
THAT NOW SURPASSES US EXPORTS TO WESTERN EUROPE. IN  
MANUFACTURED GOODS, OUR TOTAL EXPORTS TO THE DEVELOPING  
WORLD EXCEEDED OUR COMBINED SALES TO EUROPE, JAPAN AND  
THE COMMUNIST COUNTRIES.

- OUR NATION EARNED MORE THAN \$7 BILLION IN DIRECT  
PRIVATE INVESTMENT FROM THE DEVELOPING WORLD IN 1975.  
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THIS WAS MORE THAN OUR TOTAL FOREIGN ASSISTANCE BUDGET  
FOR THAT YEAR. AND IN 1976, DEVELOPING COUNTRIES  
ABSORBED NEARLY A QUARTER OF OUR NEARLY \$11 BILLION IN  
DIRECT INVESTMENT ABROAD.

- IN THE EXPORT OF OUR AGRICULTURAL ABUNDANCE LAST YEAR  
DEVELOPING COUNTRIES PURCHASED HALF OUR EXPORTS OF COTTON,  
65 PERCENT OF OUR WHEAT AND NEARLY 70 PERCENT OF OUR RICE  
NOT TO MENTION THEIR TAKING THE BULK OF OUR FLOUR AND  
CIGARETTE EXPORTS.

- EXPENDITURES IN THE US BY THE INTERNATIONAL FINANCIAL  
INSTITUTIONS AMOUNT TO MORE THAN \$2 FOR EVERY \$1 THAT  
WE HAVE CONTRIBUTED TO THEM IN OFFICIAL PAYMENTS THROUGH-  
OUT THEIR HISTORY.

THESE STATISTICS DEMONSTRATE THAT THE ECONOMIES OF  
THE UNITED STATES AND THE DEVELOPING WORLD ARE CLOSELY  
LINKED--A FUNDAMENTAL INTERDEPENDENCE EXISTS.

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JOB IN OUR FACTORIES AND ON OUR FARMS DEPEND ON THE  
DEGREE OF ECONOMIC PROGRESS BEING MADE BY DEVELOPING  
NATIONS. IF THEY SHOULD FALTER AND THEIR ECONOMIES  
STAGNATE, WE WILL CERTAINLY FEEL THE EFFECTS ACROSS THE  
LAND. IF THEIR ECONOMIES ARE ABLE TO GROW IN THE 1980'S  
AS THEY DID IN THE 1960'S THEY WILL CONTINUE TO BUY MORE  
FROM US AND MORE THAN TWO MILLION ADDITIONAL JOBS COULD  
BE CREATED IN THE US.

BEYOND OUR ECONOMIC STAKE IN THE FORTUNES OF THE  
DEVELOPING WORLD, WE HAVE A POLITICAL STAKE AS WELL.  
THE DEVELOPING COUNTRIES ARE KEY PARTICIPANTS IN OUR  
QUEST FOR PEACE.

WE NEED THEIR COOPERATION IN ORDER TO ACHIEVE REGIONAL  
STABILITY AND PEACE IN THE MIDDLE EAST AND SOUTHERN  
AFRICA, TO NAME THE MOST OBVIOUS CASES.

WE NEED THEIR COOPERATION IN THE PURSUIT OF ARMS  
RESTRAINT AND NUCLEAR NON-PROLIFERATION.

WE NEED TO WORK CLOSELY WITH THESE COUNTRIES ON OTHER

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SECURITY ISSUES AS WELL: IN DEPLOYING OUR ARMED FORCES  
EFFECTIVELY, AND IN MAINTAINING ACCESS TO STRAITS, PORTS  
AND AVIATION FACILITIES. MOREOVER, STRONG POLITICAL TIES  
WITH THE DEVELOPING WORLD CAN ONLY HELP TO REDUCE TENSIONS

AS WE WORK TOGETHER IN THE NUMEROUS INTERNATIONAL ORGANIZATIONS IN SEARCH OF SOLUTIONS TO GLOBAL PROBLEMS.

THE SECURITY OF THE DEVELOPING WORLD IS ULTIMATELY LINKED TO OUR OWN. IF THESE COUNTRIES GROW ECONOMICALLY AND HAVE GOVERNMENTS WHICH PROMOTE A MORE EQUITABLE DISTRIBUTION OF RESOURCES, THEIR ABILITY TO RESIST SOCIAL UNREST, VIOLENCE AND ANARCHY IS GOING TO INCREASE. AS POPE JOHN XXIII SO ELOQUENTLY STATED: "IN A WORLD OF CONSTANT WANT THERE IS NO PEACE..."

IF OUR ECONOMIC AND POLITICAL INTERDEPENDENCE WITH THE DEVELOPING WORLD WERE NOT SO MANIFEST, I WOULD STILL BE COMPELLED TO MAKE A STRONG CASE FOR OUR COMMITMENT TO ECONOMIC DEVELOPMENT.  
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AS A PEOPLE WE VALUE PERSONAL FREEDOM AND PLACE A HIGH PRIORITY ON CONCERN FOR THE INDIVIDUAL.

THROUGHOUT OUR HISTORY, WE HAVE FOUGHT AGAINST ILLITERACY, DISEASE AND ALL FORMS OF DEPRIVATION AT HOME.

WE HAVE A STRONG TRADITION OF SELF-RELIANCE AND AN EQUALLY STRONG TRADITION OF HELPING THOSE WHO ARE STRUGGLING TO HELP THEMSELVES. THROUGH GOOD FORTUNE AND 200 YEARS OF EFFORT WE HAVE ACHIEVED THE HIGHEST STANDARD OF LIVING IN THE WORLD. OUR OWN VALUES AND CONCERN FOR THE LESS FORTUNATE AS WELL AS OUR GENEROSITY AS A PEOPLE UNDERLAY OUR CONCERN FOR THE POOR IN THE DEVELOPING



WORLD. GIVING OF OURSELVES SELFLESSLY IS ONE OF THE BEST  
THINGS ABOUT US AS A PEOPLE.

THE DIVERSITY AND COMPLEXITY OF THE DEVELOPING WORLD

DOES NOT MAKE FOR EASY POLICY IMPLEMENTATION.

THE DEVELOPING WORLD IS REALLY SEVERAL WORLDS COMPOSED

OF MORE THAN (BLANK) BILLION PEOPLE: THE OPEC NATIONS

WITH SUBSTANTIAL FINANCIAL SURPLUSES AND THE ABILITY TO  
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PAY IN FULL TO MEET THEIR LARGE DEVELOPMENT NEEDS; A GROUP

OF NATIONS WE CALL "UPPER TIER" WHICH HAVE INDUSTRIAL

CAPABILITY, POSSESS RESOURCES BUT HAVE DEEP POCKETS OF

POVERTY SUCH AS MEXICO AND BRAZIL; THE MIDDLE INCOME

NATIONS LIKE THE DOMINICAN REPUBLIC, ZAMBIA AND TUNISIA

WHICH STILL REQUIRE FOREIGN AID TO HELP THE POOR; AND A

LARGE GROUP OF LOW INCOME NATIONS SUCH AS THE COUNTRIES

OF AFRICA'S SAHEL OR BANGLADESH WHICH DESPERATELY NEED

OUTSIDE AID TO FINANCE THEIR DEVELOPMENT PROGRAMS.

THE ECONOMIC AND SECURITY PROGRAMS WE HAVE DESIGNED

MUST TAKE INTO ACCOUNT THIS GREAT DIVERSITY AND THE

DIFFERING NEEDS OF PEOPLE. BUT OUR PROGRAMS ARE NOT

STATIC. THEY HAVE CHANGED SINCE THE DAYS OF THE MARSHALL

PLAN AND POINT FOUR. INFLUENCING THESE CHANGES IS A BASIC

RECOGNITION OF THE LIMITS OF OUR RESOURCES AND A NEED TO

CONCENTRATE OUR EFFORTS ON PROBLEMS WHERE WE CAN HAVE

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MAXIMUM IMPACT.

DESCRIBING A FEW OF THESE IMPORTANT AND FUNDAMENTAL  
CHANGES ILLUSTRATES WHAT WE ARE TRYING TO ACHIEVE AND THE  
CHALLENGES WE FACE IN OUR WORK.

SINCE THE EARLY 1970'S WE HAVE SHIFTED THE FOCUS OF  
OUR DEVELOPMENT PROGRAMS. WE HAVE MOVED THEM AWAY FROM  
TRYING TO ENCOURAGE ECONOMIC GROWTH FOR ITS OWN SAKE.  
WE NOW WANT TO CONCENTRATE ON THE NEEDS OF THE POOREST  
PEOPLE. WE DID THIS AFTER DISCOVERING THAT AMERICAN  
AID FOR PROJECTS SUCH AS DAMS, RAILROADS AND HIGHWAYS  
DID NOT HAVE AN IMMEDIATE IMPACT ON THE LIVES OF THE  
POOR. WHILE GROWTH RATES SURGED THEY WERE LEFT BEHIND  
IN THE SQUALOR OF THEIR POVERTY. THE REWARDS OF RAPID  
GROWTH WERE NOT TRICKLING DOWN TO MORE THAN ONE BILLION  
RURAL AND URBAN POOR.

OUR ANSWER TO THIS DILEMMA HAS BEEN TO DIRECT FOREIGN  
AID RESOURCES TO MEET BASIC HUMAN NEEDS--IN FIGHTING ORAL  
NUTRITION, IN PROVIDING SHELTER, SAFE DRINKING WATER, IN

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SANITATION, HEALTH AND EDUCATION--PARTICULARLY FOR THE  
RURAL POOR.

OUR BASIC HUMAN NEEDS APPROACH IS NOT A TYPE OF INTER-  
NATIONAL WELFARE SYSTEM. WE WANT TO GIVE THE POOR A

CHANCE TO IMPROVE THEIR STANDARD OF LIVING BY THEIR OWN  
EFFORTS.

WE WANT THEM TO HAVE THE BASIC ELEMENTS TO SUSTAIN  
LIFE SO THAT THEY CAN ESCAPE A SUBSISTENCE EXISTENCE  
AND BECOME PRODUCTIVE, INCOME PRODUCING MEMBERS OF THEIR  
SOCIETIES.

IF WE STAND FOR EQUITY AND FAIRNESS THIS APPROACH TO  
FOREIGN AID IS THE ONLY WAY TO GUARANTEE THAT OUR EFFORTS  
BEGIN TO TOUCH THE LIVES OF ORDINARY PEOPLE STRUGGLING TO  
SURVIVE.

ANOTHER FUNDAMENTAL CHANGE IN OUR AID POLICY INVOLVES  
OUR APPROACH TO PROBLEM SOLVING.

I BELIEVE THAT WE ARE MORE INNOVATIVE TODAY THAN IN  
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THE PAST.

WE ARE ANXIOUS TO DESIGN NEW PROGRAMS THAT INTEGRATE  
SUCH VITAL ELEMENTS AS HEALTH CARE AND POPULATION  
PLANNING.

WE ARE DETERMINED THAT HIGHER PRODUCTIVITY IN  
AGRICULTURE AND INDUSTRY DOES NOT RESULT IN GREATER  
UNEMPLOYMENT. SO WE TRY TO DESIGN LABOR INTENSIVE  
SOLUTIONS TO PROBLEMS.

WE REALIZE THAT THE TRANSFER OF TECHNOLOGY IS  
CRITICAL TO ECONOMIC GROWTH. WE ARE WORKING TO FIND  
WAYS TO MAKE SUCH TRANSFERS MORE MEANINGFUL AND RELEVANT

TO THE NEEDS OF DEVELOPING COUNTRIES.

BUT OUR APPROACH TO THOSE WE ARE TRYING TO HELP HAS

CHANGED AS WELL. THE UNITED STATES IS NOT THE SOURCE

OF ALL WISDOM OF THE DEVELOPMENT PROCESS. WE WANT TO

WORK WITH OTHER NATIONS AND INTERNATIONAL DONORS IN

COOPERATIVE ENDEAVORS. WE HAVE TAKEN STEPS TO ENSURE

THAT OUR AID PROGRAMS ARE NOT PATERNALISTIC, INTRUSIVE AND  
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OVERLOADED WITH TOO MANY AMERICANS.

AN IMPORTANT ELEMENT OF OUR NEW APPROACH TO FOREIGN

AID INVOLVES OUR CONCERN WITH HUMAN RIGHTS. WE BELIEVE

THAT POLICIES WHICH PROMOTE ECONOMIC EQUITY MUST BE

LINKED TO THE SEARCH FOR GREATER OBSERVANCE OF HUMAN

RIGHTS. THE POLITICAL ASPIRATIONS OF PEOPLE--LIKE THEIR

ECONOMIC NEEDS--CANNOT BE NEGLECTED BY THOSE NATIONS

WHICH PLACE A PREMIUM ON FREEDOM AND DEMOCRATIC VALUES.

THE CARTER ADMINISTRATION IS DETERMINED TO GIVE HUMAN

RIGHTS CONSIDERATIONS THE HIGH PRIORITY THEY DESERVE IN

DETERMINING WHICH COUNTRIES RECEIVE OUR ASSISTANCE.

PART OF OUR APPROACH TO FOREIGN AID INVOLVES A

RECOGNITION THAT IT IS ONE STRATEGY AMONG SEVERAL TO

PROMOTE ECONOMIC GROWTH AND EQUITY IN THE DEVELOPING

WORLD.

THE TRADE LIBERALIZATION WHICH THIS ADMINISTRATION

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ADVOCATES WILL HAVE A DIRECT BENEFIT FOR DEVELOPING COUNTRIES. I HAVE SPOKEN OUT STRONGLY AGAINST GROWING PROTECTIONIST SENTIMENT IN THE INDUSTRIALIZED WORLD. PROTECTIONISM CANNOT SOLVE ECONOMIC PROBLEMS AT HOME. AND IT CAN ENDANGER THE ECONOMIC ADVANCES MADE BY POOR NATIONS. CURTAILING THE ACCESS TO OUR MARKETS BY PRODUCTS FROM DEVELOPING COUNTRIES IS ULTIMATELY A SELF-DEFEATING PROPOSITION. THEY NEED TO SELL THEIR PRODUCTS IN FOREIGN MARKETS TO EARN HARD CURRENCY. WITHOUT THESE EARNINGS DEVELOPING NATIONS CAN'T BUY OUR EXPORTS.

ANOTHER NON-AID STRATEGY WHICH IS PART OF OUR OVERALL APPROACH TO DEVELOPMENT INVOLVES THE PRICE OF COMMODITIES AND RAW MATERIALS. BOTH INDUSTRIALIZED AND DEVELOPING COUNTRIES ARE CONCERNED ABOUT THE EFFECT OF WIDELY FLUCTUATING PRICES OF COMMODITIES AND RAW MATERIALS. THESE FLUCTUATIONS HAVE A DIRECT IMPACT ON INFLATION, UNEMPLOYMENT AND BUSINESS INVESTMENT. WE BELIEVE IT IS IN OUR

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INTEREST TO NEGOTIATE AGREEMENTS COVERING COMMODITIES AND BUFFER STOCKS. WHILE WE HAVE BEEN ALTERING THE WAY WE VIEW AND PROVIDE ECONOMIC AID, WE HAVE NOT LEFT SECURITY ASSISTANCE OUT OF

OUR CHANGING POLICY. LET ME HIGHLIGHT SOME OF THESE CHANGES

- OUR SECURITY PROGRAMS ARE DESIGNED TO LESSEN THE ECONOMIC BURDENS WHICH WEIGH HEAVILY ON NATIONS TRYING TO BUILD AN ADEQUATE DEFENSE. WE BELIEVE THAT OUR SECURITY PROGRAMS OFTEN HELP TO FREE RESOURCES FOR ECONOMIC DEVELOPMENT WHICH MAY OTHERWISE HAVE TO BE COMMITTED TO THE DEFENSE SECTOR.

- THE PRESIDENT HAS ISSUED FORMAL DIRECTIVES MANDATING ARMS RESTRAINT, ESTABLISHING A YEARLY CEILING ON THE SALE OF ARMS AND ESTABLISHING STRICT GUIDELINES FOR BOTH GOVERNMENT AND INDUSTRY CONCERNING HOW SALES ARE REGULATED AND CONDUCTED.

- WE HAVE ESTABLISHED AN INTERAGENCY COMMITTEE TO PROVIDE CONFIDENTIAL

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COORDINATED RECOMMENDATIONS TO ME AND THE PRESIDENT ON ALL ASPECTS OF OUR ARMS TRANSFER POLICY AND SECURITY ASSISTANCE PROGRAMS.

-WE ARE STEADILY REDUCING THE AMOUNT OF ARMS WE PROVIDE FREE AND THE NUMBER OF COUNTRIES ELIGIBLE TO RECEIVE THEM. WE WILL CONTINUE TO PHASE DOWN THIS PROGRAM AND SHIFT TO A CREDIT AND SALES POLICY.

- WE CONTINUE TO REVIEW VIGOROUSLY OUR SECURITY POLICY TO ENSURE THAT IT CAN ACHIEVE OUR OBJECTIVE OF REDUCING TENSION AND PROMOTING STABILITY IN AREAS OF POTENTIAL CONFRONTATION AND CONFLICT. THIS STANDARD MUST BE MET FOR EACH AND EVERY

COMPONENT OF THIS POLICY.

- THE CARTER ADMINISTRATION IS STRONGLY COMMITTED TO  
EFFICIENT AND COMPETENT MANAGEMENT OF ALL ASPECTS OF OUR  
FOREIGN AID PROGRAM. WE RECOGNIZE THAT THERE HAVE BEEN  
PROBLEMS IN THE PAST THAT WE STILL MUST OVERCOME. WE ARE  
WORKING CLOSELY WITH THE CONGRESS TO DEVISE WAYS TO BETTER  
COORDINATE THE ADMINISTRATION OF ECONOMIC AID.  
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WE HAVE REORGANIZED THE AID ADMINISTRATION.  
WE ARE STRENGTHENING THE SKILLS WE HAVE IN OUR INVENTORY  
TO DEAL WITH TOUGH DEVELOPMENT PROBLEMS.  
WE ARE ENDEAVORING TO FIND WAYS TO MEASURE OUR PROGRESS  
IN PROMOTING ECONOMIC GROWTH.  
WE ARE OPEN TO FURTHER SUGGESTIONS FROM THE CONGRESS AND  
THE PUBLIC ON HOW WE CAN IMPROVE THE MANAGEMENT AND DELIVERY  
OF OUR FOREIGN ASSISTANCE PROGRAMS. I CAN ASSURE YOU THAT  
THIS IS A TOP PRIORITY FOR US.

IN CONCLUDING THIS DISCUSSION, LET ME RETURN TO THE  
TOPIC OF INTERDEPENDENCE BETWEEN THE INDUSTRIALIZED AND  
DEVELOPING WORLDS. I WANT TO EXAMINE WITH YOU VERY  
BRIEFLY TWO IMPORTANT ISSUES WHICH WILL AFFECT US, OUR  
CHILDREN AND THEIR CHILDREN AS WELL. THESE ISSUES ARE;  
THE SUPPLY OF FOOD AND THE RATE OF POPULATION GROWTH.

THE NUMBER OF PEOPLE WHO NEED TO BE FED IS GROWING

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AT AN ALARMING RATE. INCREASED DEMAND FOR FOOD IN BOTH RICH AND POOR NATIONS HAS BEEN A KEY FACTOR IN RISING PRICES AND WHAT WE MIGHT CALL FOOD-INDUCED INFLATION. DURING THE WORLD FOOD CRISIS IN 1973 AND 1974, RISING FOOD PRICES ADDED AS MUCH TO US AND GLOBAL INFLATION AS DID RISING OIL PRICES.

MORE THAN A QUARTER CENTURY AGO THE DEVELOPING WORLD WAS VIRTUALLY SELF-SUFFICIENT IN FOOD PRODUCTION. IT IS NO LONGER. BY 1975 DEVELOPING COUNTRIES IMPORTED 45 MILLION TONS OF GRAIN. IT IS NOW ESTIMATED BY EXPERTS THAT BY 1990, UNLESS DEVELOPING COUNTRIES CAN SUBSTANTIALLY INCREASE THEIR CAPACITY TO PRODUCE MORE FOOD, THEY WILL HAVE TO TRIPLE THEIR IMPORTS OF GRAIN. DURING THE NEXT DECADE THE FOOD DEMANDS OF THE INDUSTRIALIZED NATIONS WILL BE GROWING RAPDILY AS WELL.

DESPITE OUR ENORMOUS CAPACITY TO PRODUCE FOOD, WE WILL NOT BE IMMUNE FROM THE EXPECTED INCREASE IN DEMAND WHICH COULD CAUSE EXTREMELY SHARP PRICE RISES IN GRAIN PRICES.

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THESE INCREASES WILL IN TURN IMPACT ON THE PRICES WE PAY IN THE SUPERMARKET.

THE ONLY WAY TO TRY TO LESSEN DEMAND FOR FOOD GROWN BY THE MAJOR FOOD PRODUCERS SUCH AS OURSELVES IS TO INCREASE



PRODUCTION IN THE DEVELOPING WORLD.

THERE ARE GREAT AREAS IN SOUTH ASIA, LATIN AMERICA

AND AFRICA WHERE MORE FOOD CAN BE GROWN. BUT TO ACHIEVE

THIS OBJECTIVE, DEVELOPING COUNTRIES NEED THE FINANCIAL

AND TECHNICAL TOOLS TO DO THE JOB.

THEY NEED GOOD SEED, BETTER FERTILIZER, WATER AND

AGRICULTURAL EXPERTISE. ALL OF THIS COSTS MONEY. BUT

IT IS WELL WORTH THE INVESTMENT.

THIS IS WHY WE ARE PLACING SUCH A GREAT EMPHASIS ON

RURAL DEVELOPMENT AND INCREASED AGRICULTURAL PRODUCTION IN

OUR FOREIGN AID PROGRAMS. THIS IS WHY THE INTERNATIONAL

BANKS TO WHICH WE PLEDGE MONEY ARE DOING SO AS WELL.

UNLESS WE SUSTAIN AND INCREASE OUR EFFORTS OUR GRANARY WILL  
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NOT BE ABLE TO COPE ADEQUATELY WITH A HUNGRY WORLD.

WORLD POPULATION HAS NOT PASSED THE 4 BILLION MARK.

RISING POPULATION GROWTH CONTINUES TO PLACE ENORMOUS

PRESSURE ON THE GLOBE'S BIOLOGICAL AND ECOLOGICAL SYSTEMS:

-- GRASSLANDS AND CROPLANDS ESSENTIAL TO FOOD PRODUCTION

ARE DIMINISHING BECAUSE OF POPULATION GROWTH.

-- OVERFISHING CAUSED BY POPULATION PRESSURE DEPLETS

VALUABLE SOURCES OF PROTEIN.

-- THE WORLD'S FORESTS ARE SHRINKING AS A RESULT OF

POPULATION GROWTH WHICH THREATENS THE FERTILITY AND

STABILITY OF SOILS.

-- AND POLLUTION OF OCEAN, AIR AND WATER INCREASES CAUSING  
HEALTH PROBLEMS AND DIMINISHING FOOD SUPPLIES.  
EACH YEAR THE WORLD'S FARMERS AND FISHERMEN MUST ATTEMPT  
TO FEED 64 MILLION MORE PEOPLE, THIS IS NEARLY 200,000 A DAY.  
REDUCING AND STABILIZING POPULATION GROWTH IS IN THE  
ECONOMIC,POLITICAL AND SOCIAL INTEREST OF BOTH RICH AND POOR  
NATIONS. SOME PROGRESS HAS BEEN MADE AS A RESULT OF COMMON  
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EFFORTS AND THERE IS A DOWNWARD TREND IN BIRTHRATES. BUT  
THAT TREND HAS TO BE INCREASED.  
THE PRESIDENT OF THE WORLD BANK, ROBERT MCNAMARA,  
RECENTLY REPORTED TO THE OVERSEAS DEVELOPMENT COUNCIL THAT  
IF THE CURRENT DOWNWARDTREND IN BIRTHRATES IN THE DEVELOP-  
ING WORLD COULD BE ACCELERATED, WE MIGHT BE ABLE TO  
STABILIZE GLOBAL POPULATION AT 8 BILLION PEOPLE BY THE  
YEAR 2000, INSTEAD OF THE PREDICTED 11 BILLION PEOPLE BY  
THE YEAR 2020 IF CURRENT TRENDS CONTINUE UNCHECKED. THAT  
DIFFERENCE OF 3 BILLION PEOPLE ACCOUNTS FOR 75 PER CENT OF  
THE WORLD'S POPULATION TODAY.  
STABILIZING THE WORLD'S POPULATION GROWTH IS NOT AN  
EASY TASK. BUT WE NOW UNDERSTAND THAT TO DO SO TAKES MORE  
THAN PROVIDING FAMILY PLANNING SERVICES, ALTHOUGH THESE  
ARE ESSENTIAL. THE KEY TO ENCOURAGING THE CREATION OF  
SMALL FAMILIES IN THE DEVELOPING WORLD IS TO MEET THE  
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ECONOMIC AND SOCIAL NEEDS OF THE POOR. THIS MEANS  
LOWERING INFANT MORTALITY, INCREASING EDUCATION, PROVIDING  
JOBS AND EXPANDED ECONOMIC OPPORTUNITIES FOR MEN AND WOMEN  
IN RURAL AND URBAN AREAS.

THESE GOALS ARE ALSO THE OBJECTIVES OF OUR ECONOMIC  
ASSISTANCE PROGRAMS.

WE BELIEVE THAT THE STRUGGLE AGAINST POPULATION  
GROWTH CANNOT BE WON UNLESS WE JOIN WITH OTHERS TO IMPROVE  
THE STANDARDS OF LIVING OF THE MAJORITY OF THE WORLD'S POOR.

I CANNOT DENY THAT THE COSTS OF FOREIGN AID PROGRAMS  
I HAVE DESCRIBED ARE INSUBSTANTIAL. THEY ARE EXPENSIVE.

BUT I DO NOT BELIEVE THAT WE ARE SPENDING TOO MUCH ON  
PROBLEMS WHICH HAVE SUCH A GREAT IMPACT ON THE PRESENT  
AND OUR FUTURE.

NOR DO I BELIEVE THAT SPENDING MONEY FOR FOREIGN AID  
MEANS THAT WE MUST CUT BACK ON OUR EFFORTS TO TRY TO SOLVE  
PROBLEMS AT HOME. WE CAN AFFORD TO INCREASE FOREIGN AID  
EXPENDITURES AS WE ARE DOING AND AT THE SAME TIME INCREASE

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OUR EDUCATION BUDGET, EXPAND PROGRAMS FOR THE ELDERLY AND  
FOR THE YOUNG AS THE PRESIDENT HAS DONE.

DO NOT BELIEVE THOSE WHO SAY THAT HELPING THE CHILDREN  
OF PAKISTAN HAVE AN ADEQUATE DIET MEANS THAT WE MUST

NEGLECT THE CHILDREN OF CINCINNATI, BOSTON OR LOS ANGELES.

DO NOT BELIEVE THOSE WHO SAY THAT HELPING FARMERS IN

TANZANIA MEANS THAT WE MUST TURN OUR BACKS ON FARMERS IN

IOWA, ILLINOIS AND COLORADO.

AND DO NOT BELIEVE THOSE WHO SAY THAT FOREIGN AID IS

WASTED AND DOESN'T REALLY MATTER. THESE ARE THE SAME

PEOPLE WHO WILL COMPLAIN THE LOUDEST WHEN FOOD PRICES GO

UP, WHEN RAW MATERIALS BECOME SCARCE AND WHEN REGIONAL

CONFLICTS ERUPT BECAUSE WE MAY NOT BE DOING ENOUGH .

AS THE CONGRESS CONSIDERS FOREIGN AID BUDGETS IN THE

COMING WEEKS, I WELCOME A NATIONAL DISCUSSION AND DEBATE

ON THE ISSUES I HAVE MENTIONED TODAY.

SHORTLY BEFORE HIS DEATH, THE LATE SENATOR HUBERT  
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HUMPHREY RAISED A FUNDAMENTAL ISSUE ABOUT FOREIGN AID.

HE SAID:

"THE QUESTION WE MUST DECIDE IS WHETHER OR NOT THE

CONDITIONS OF SOCIAL AND ECONOMIC INJUSTICE --

POVERTY, ILLITERACY AND DISEASE ARE A REAL THREAT

TO OUR SECURITY. I THINK THEY ARE AND THEY REQUIRE

THE SAME COMMITMENT OF POLICY, WILL AND RESOURCES

AS DOES OUR CONVENTIONAL NATIONAL DEFENSE."

AS SOMEONE CHARGED WITH HELPING TO PROTECT THE

NATIONAL SECURITY, I AGREE WITH SENATOR HUMPHREY'S

ASSESSMENT OF THE ROLE OF FOREIGN AID IN THE SCHEME OF

OUR NATIONAL PRIORITIES.

I ASK NOW THAT YOU JOIN WITH THE ADMINISTRATION IN

HELPING TO SECURE PASSAGE OF LEGISLATION SO ESSENTIAL TO

THE NATION'S ECONOMIC, POLITICAL AND HUMANITARIAN

INTERESTS. END TEXT. YY CHRISTOPHER

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## Message Attributes

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**Review Markings:**  
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